

107TH CONGRESS
1ST SESSION

H. R. 1986

To amend the Internal Revenue Code of 1986 to allow the proceeds from bonds to be used for prepayments for natural gas.

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2001

Mr. COLLINS (for himself, Mr. LEWIS of Georgia, Mr. McCRERY, Mr. SHAW, Mr. JOHN, Mr. SPRATT, Mr. LUCAS of Kentucky, Mrs. THURMAN, Mr. LEWIS of Kentucky, Mr. FOLEY, Mr. COOKSEY, Ms. MCKINNEY, Mr. TANNER, Mr. WHITFIELD, Mr. ISAKSON, Mr. ADERHOLT, Mr. BRYANT, Mr. KINGSTON, Mr. CHAMBLISS, Mr. LINDER, and Mr. DEAL of Georgia) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow the proceeds from bonds to be used for prepayments for natural gas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Municipal Utility Nat-
5 ural Gas Supply Act Of 2001”.

1 **SEC. 2. ARBITRAGE RULES NOT TO APPLY TO PREPAY-**
2 **MENTS FOR NATURAL GAS.**

3 (a) IN GENERAL.—Subsection (b) of section 148 of
4 the Internal Revenue Code of 1986 (defining higher yield-
5 ing investments) is amended by adding at the end the fol-
6 lowing new paragraph:

7 “(4) EXCEPTION FOR CERTAIN PREPAYMENTS
8 TO ENSURE NATURAL GAS SUPPLY.—The term ‘in-
9 vestment property’ shall not include any prepayment
10 for the purpose of obtaining a supply of a natural
11 gas reasonably expected to be used in a business of
12 one or more utilities each of which is owned and op-
13 erated by a State or local government, any political
14 subdivision or instrumentality thereof, or any gov-
15 ernmental unit acting for or on behalf of such a util-
16 ity.”.

17 (b) PRIVATE LOAN FINANCING TEST NOT TO APPLY
18 TO PREPAYMENTS FOR NATURAL GAS.—Paragraph (2) of
19 section 141(c) of such Code (providing exceptions to the
20 private loan financing test) is amended by striking “or”
21 at the end of subparagraph (A), by striking the period
22 at the end of subparagraph (B) and inserting “, or”, and
23 by adding at the end the following new subparagraph:

24 “(C) arises from a transaction described in
25 section 148(b)(4).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect as if included in the amend-
3 ments made by section 1301 of the Tax Reform Act of
4 1986.

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